

ASSEMBLY BILL

No. 347

Introduced by Assembly Member Galgiani

February 10, 2011

An act to amend Section 399.20 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 347, as introduced, Galgiani. Renewable energy resources.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Existing law requires every electrical corporation to file a standard tariff with the commission for electricity generated by an electric generation facility, as defined, that qualifies for the tariff, is owned and operated by a retail customer of the electrical corporation, and is located within the service territory of, and developed to sell electricity to, the electrical corporation. Existing law requires that, in order to qualify for the tariff, the electric generation facility: (1) have an effective capacity of not more than 3 megawatts, subject to the authority of the commission to reduce this megawatt limitation, (2) be interconnected and operate in parallel with the electric transmission and distribution grid, (3) be strategically located and interconnected to the electric transmission system in a manner that optimizes the deliverability of electricity generated at the facility to load centers, and (4) meet the definition of an eligible renewable energy resource under the California Renewables Portfolio Standard Program. Existing law requires that the owner of an electric generation facility provide an inspection and maintenance report to the electrical corporation at least

once every year that is prepared by a California licensed contractor who is not the owner or operator of the facility.

This bill would make technical, nonsubstantive changes to this requirement.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 399.20 of the Public Utilities Code is
2 amended to read:
3 399.20. (a) It is the policy of this state and the intent of the
4 Legislature to encourage electrical generation from eligible
5 renewable energy resources.
6 (b) As used in this section, “electric generation facility” means
7 an electric generation facility located within the service territory
8 of, and developed to sell electricity to, an electrical corporation
9 that meets all of the following criteria:
10 (1) Has an effective capacity of not more than three megawatts.
11 (2) Is interconnected and operates in parallel with the electrical
12 transmission and distribution grid.
13 (3) Is strategically located and interconnected to the electrical
14 transmission and distribution grid in a manner that optimizes the
15 deliverability of electricity generated at the facility to load centers.
16 (4) Is an eligible renewable energy resource.
17 (c) Every electrical corporation shall file with the commission
18 a standard tariff for electricity purchased from an electric
19 generation facility. The commission may modify or adjust the
20 requirements of this section for any electrical corporation with less
21 than 100,000 service connections, as individual circumstances
22 merit.
23 (d) (1) The tariff shall provide for payment for every
24 kilowatthour of electricity purchased from an electric generation
25 facility for a period of 10, 15, or 20 years, as authorized by the
26 commission. The payment shall be the market price determined
27 by the commission pursuant to Section 399.15 and shall include
28 all current and anticipated environmental compliance costs,
29 including, but not limited to, mitigation of emissions of greenhouse
30 gases and air pollution offsets associated with the operation of new
31 generating facilities in the local air pollution control or air quality

1 management district where the electric generation facility is
2 located.

3 (2) The commission may adjust the payment rate to reflect the
4 value of every kilowatthour of electricity generated on a
5 time-of-delivery basis.

6 (3) The commission shall ensure, with respect to rates and
7 charges, that ratepayers that do not receive service pursuant to the
8 tariff are indifferent to whether a ratepayer with an electric
9 generation facility receives service pursuant to the tariff.

10 (e) An electrical corporation shall provide expedited
11 interconnection procedures to an electric generation facility located
12 on a distribution circuit that generates electricity at a time and in
13 a manner so as to offset the peak demand on the distribution circuit,
14 if the electrical corporation determines that the electric generation
15 facility will not adversely affect the distribution grid. The
16 commission shall consider and may establish a value for an electric
17 generation facility located on a distribution circuit that generates
18 electricity at a time and in a manner so as to offset the peak demand
19 on the distribution circuit.

20 (f) An electrical corporation shall make the tariff available to
21 the owner or operator of an electric generation facility within the
22 service territory of the electrical corporation, upon request, on a
23 first-come-first-served basis, until the electrical corporation meets
24 its proportionate share of a statewide cap of 750 megawatts
25 cumulative rated generation capacity served under this section and
26 Section 387.6. The proportionate share shall be calculated based
27 on the ratio of the electrical corporation's peak demand compared
28 to the total statewide peak demand.

29 (g) The electrical corporation may make the terms of the tariff
30 available to owners and operators of an electric generation facility
31 in the form of a standard contract subject to commission approval.

32 (h) Every kilowatthour of electricity purchased from an electric
33 generation facility shall count toward meeting the electrical
34 corporation's renewables portfolio standard annual procurement
35 targets for purposes of paragraph (1) of subdivision (b) of Section
36 399.15.

37 (i) The physical generating capacity of an electric generation
38 facility shall count toward the electrical corporation's resource
39 adequacy requirement for purposes of Section 380.

1 (j) (1) The commission shall establish performance standards
2 for any electric generation facility that has a capacity greater than
3 one megawatt to ensure that those facilities are constructed,
4 operated, and maintained to generate the expected annual net
5 production of electricity and do not impact system reliability.

6 (2) The commission may reduce the three megawatt capacity
7 limitation of paragraph (1) of subdivision (b) if the commission
8 finds that a reduced capacity limitation is necessary to maintain
9 system reliability within that electrical corporation's service
10 territory.

11 (k) (1) Any owner or operator of an electric generation facility
12 that received ratepayer-funded incentives in accordance with
13 Section 379.6 of this code, or with Section 25782 of the Public
14 Resources Code, and participated in a net metering program
15 pursuant to Sections 2827, 2827.9, and 2827.10 of this code prior
16 to January 1, 2010, shall be eligible for a tariff or standard contract
17 filed by an electrical corporation pursuant to this section.

18 (2) In establishing the tariffs or standard contracts pursuant to
19 this section, the commission shall consider ratepayer-funded
20 incentive payments previously received by the generation facility
21 pursuant to Section 379.6 of this code or Section 25782 of the
22 Public Resources Code. The commission shall require
23 reimbursement of any funds received from these incentive
24 programs to an electric generation facility, in order for that facility
25 to be eligible for a tariff or standard contract filed by an electrical
26 corporation pursuant to this section, unless the commission
27 determines ratepayers have received sufficient value from the
28 incentives provided to the facility based on how long the project
29 has been in operation and the amount of renewable electricity
30 previously generated by the facility.

31 (3) A customer that receives service under a tariff or contract
32 approved by the commission pursuant to this section is not eligible
33 to participate in any net metering program.

34 (l) An owner or operator of an electric generation facility
35 electing to receive service under a tariff or contract approved by
36 the commission shall continue to receive service under the tariff
37 or contract until either of the following occurs:

38 (1) The owner or operator of an electric generation facility no
39 longer meets the eligibility requirements for receiving service
40 pursuant to the tariff or contract.

1 (2) The period of service established by the commission pursuant
2 to subdivision (d) is completed.

3 (m) Within 10 days of receipt of a request for a tariff pursuant
4 to this section from an owner or operator of an electric generation
5 facility, the electrical corporation that receives the request shall
6 post a copy of the request on its Internet Web site. The information
7 posted on the Internet Web site shall include the name of the city
8 in which the facility is located, but information that is proprietary
9 and confidential, including, but not limited to, address information
10 beyond the name of the city in which the facility is located, shall
11 be redacted.

12 (n) An electrical corporation may deny a tariff request pursuant
13 to this section if the electrical corporation makes any of the
14 following findings:

15 (1) The electric generation facility does not meet the
16 requirements of this section.

17 (2) The transmission or distribution grid that would serve as the
18 point of interconnection is inadequate.

19 (3) The electric generation facility does not meet all applicable
20 state and local laws and building standards, and utility
21 interconnection requirements.

22 (4) The aggregate of all electric generating facilities on a
23 distribution circuit would adversely impact utility operation and
24 load restoration efforts of the distribution system.

25 (o) Upon receiving a notice of denial from an electrical
26 corporation, the owner or operator of the electric generation facility
27 denied a tariff pursuant to this section shall have the right to appeal
28 that decision to the commission.

29 (p) In order to ensure the safety and reliability of electric
30 generation facilities, the owner of an electric generation facility
31 receiving a tariff pursuant to this section shall provide an inspection
32 and maintenance report to the electrical corporation at least once
33 every other year. The inspection and maintenance report shall be
34 prepared at the owner's or operator's expense by a
35 ~~California-licensed~~ *California licensed* contractor who is not the
36 owner or operator of the electric generation facility. A
37 ~~California-licensed~~ *California licensed* electrician shall perform
38 the inspection of the electrical portion of the generation facility.

39 (q) The contract between the electric generation facility
40 receiving the tariff and the electrical corporation shall contain

1 provisions that ensure that construction of the electric generating
2 facility complies with all applicable state and local laws and
3 building standards, and utility interconnection requirements.

4 (r) (1) All construction and installation of facilities of the
5 electrical corporation, including at the point of the output meter
6 or at the transmission or distribution grid, shall be performed only
7 by that electrical corporation.

8 (2) All interconnection facilities installed on the electrical
9 corporation's side of the transfer point for electricity between the
10 electrical corporation and the electrical conductors of the electric
11 generation facility shall be owned, operated, and maintained only
12 by the electrical corporation. The ownership, installation, operation,
13 reading, and testing of revenue metering equipment for electric
14 generating facilities shall only be performed by the electrical
15 corporation.